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Sandmartin International Holdings Limited

聖馬丁國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

**(I) LAPSE OF PREVIOUS UNDERWRITING AGREEMENT
AND
PREVIOUS SUBSCRIPTION AGREEMENT;
(II) OPEN OFFER OF 1,967,295,201 OPEN OFFER SHARES
AT HK\$0.12 PER OPEN OFFER SHARE
ON THE BASIS OF THREE OPEN OFFER SHARES
FOR EVERY TWO SHARES HELD ON THE RECORD DATE;
AND
(III) INCREASE IN AUTHORISED SHARE CAPITAL**

Financial adviser to the Company



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Underwriter



萬基證券有限公司
MORTON SECURITIES LIMITED

* For identification purposes only

LAPSE OF PREVIOUS UNDERWRITING AGREEMENT AND PREVIOUS SUBSCRIPTION AGREEMENT

As the conditions under the Previous Underwriting Agreement remained unfulfilled at or before the time specified in the relevant condition, and the conditions under the Previous Subscription Agreement remained unfulfilled on 28 February 2017 (being the long stop date under the Previous Subscription Agreement), both the Previous Underwriting Agreement and the Previous Subscription Agreement have accordingly ceased to have effect. Taking into account the prolonged vetting process by the regulators, the Company, the Subscriber and the Underwriter mutually agreed not to extend the time for fulfilment of the conditions under the Previous Underwriting Agreement or the long stop date under the Previous Subscription Agreement. Accordingly, the Previous Open Offer and the Previous Subscription have lapsed on 28 February 2017.

All obligations and liabilities of the parties under the Previous Underwriting Agreement and the Previous Subscription Agreement have ceased and terminated and no party shall have any claim against the others parties (save for any antecedent breaches and the surviving provisions thereof).

THE OPEN OFFER

In order to raise funds to ease the liquidity issue of the Group and support the development of MyHD, the Company and the Underwriter agreed to carry out the Open Offer to raise approximately HK\$236.1 million (before expenses) involving the allotment and issue of 1,967,295,201 Open Offer Shares at the Offer Price of HK\$0.12 per Open Offer Share on the basis of three (3) Open Offer Shares for every two (2) existing Shares held on the Record Date.

The Committed Shareholder has irrevocably undertaken to the Underwriter that it will subscribe or procure subscription in full for its entitlements under the Open Offer pursuant to the terms of the Open Offer and lodge with the Company's acceptance in respect of all the Open Offer Shares provisionally allotted to it, with payment in full.

Other than the Committed Shares, other Open Offer Shares will be fully underwritten by the Underwriter subject to the terms of the Underwriting Agreement.

If the number of the Untaken Shares is equal to or less than 950,859,347 Open Offer Shares, the Underwriter shall procure the Subscriber and its associates to subscribe for all the Untaken Shares.

If the number of Untaken Shares is more than 950,859,347 Open Offer Shares, the Underwriter shall procure the Subscriber and its associates to subscribe for 950,859,347 Open Offer Shares; and procure the subscription for the remaining Untaken Shares by other subscribers provided that such subscription(s) of the remaining Untaken Shares shall not, together with the subscription of Open Offer Shares by the Subscriber and its associates, trigger or cause any person to be obliged to make a mandatory general offer pursuant to Rule 26 of the Takeovers Code.

INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each by the creation of an additional 7,000,000,000 unissued Shares, which shall rank pari passu in all respects with the existing Shares.

LISTING RULES IMPLICATIONS

As the Open Offer will increase the existing issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by the Independent Shareholders at the SGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour.

The Increase in Authorised Share Capital is subject to the Shareholders' approval at the SGM.

As at the date of this announcement, the Company has no controlling Shareholders. As at the date of this announcement, Mr. Hung Tsung Chin and Ms. Chen Mei Huei (executive Directors) and their respective associates, who together, hold an aggregate of 202,875,439 Shares and Mr. Liao Wen I (executive Director) and his associates, who together, hold an aggregate of 3,706,812 Shares will be required to abstain from voting in favour of the Open Offer at the SGM.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Open Offer and the Increase in Authorised Share Capital.

A circular containing, among other things, (i) further details of the Open Offer and the Increase in Authorised Share Capital; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) the notice of SGM, is expected to be despatched to the Shareholders on or before Friday, 7 April 2017.

WARNING

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their professional advisers.

1. LAPSE OF PREVIOUS UNDERWRITING AGREEMENT AND PREVIOUS SUBSCRIPTION AGREEMENT

References are made to the announcement of the Company dated 24 October 2016, 31 October 2016, 14 November 2016, 28 November 2016 and 1 March 2017 in relation to, among other things, the Previous Open Offer and the Previous Subscription.

As the conditions under the Previous Underwriting Agreement remained unfulfilled at or before the time specified in the relevant condition, and the conditions under the Previous Subscription Agreement remained unfulfilled on 28 February 2017 (being the long stop date under the Previous Subscription Agreement), both the Previous Underwriting Agreement and the Previous Subscription Agreement have accordingly ceased to have effect. Taking into account the prolonged vetting process by the regulators, the Company, the Subscriber and the Underwriter mutually agreed not to extend the time for fulfilment of the conditions under the Previous Underwriting Agreement or the long stop date under the Previous Subscription Agreement. Accordingly, the Previous Open Offer and the Previous Subscription have lapsed on 28 February 2017.

All obligations and liabilities of the parties under the Previous Underwriting Agreement and the Previous Subscription Agreement have ceased and terminated and no party shall have any claim against the others parties (save for any antecedent breaches and the surviving provisions thereof).

In order to raise funds to ease the liquidity issue of the Group and support the development of MyHD, the Company and the Underwriter agreed to carry out the Open Offer.

2. THE OPEN OFFER

The Company proposes to carry out the Open Offer on the following basis:

Issue statistics

Basis of the Open Offer:	three (3) Open Offer Shares for every two (2) Shares held on the Record Date
Offer Price:	HK\$0.12 per Open Offer Share
Number of Shares in issue as at the date of this announcement:	1,311,530,134 Shares
Number of Outstanding Share Options as at the date of this announcement:	2,700,000
Number of Open Offer Shares:	1,967,295,201 Open Offer Shares (assuming no Shares being issued or repurchased by the Company on or before the Record Date)
Aggregate nominal value of the Open Offer Shares to be issued:	HK\$196,729,520.10
Amount to be raised before expenses:	approximately HK\$236.1 million

As at the date of this announcement, save for the Outstanding Share Options entitling Share Options Holders to subscribe for an aggregate of 2,700,000 new Shares, the Company has no other outstanding derivatives, options, warrants or securities in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming there is no further issue of new Shares or repurchase of Shares on or before the Record Date, the 1,967,295,201 Open Offer Shares will be allotted and issued representing (i) 150.0% of the Company's issued share capital as at the date of this announcement; and (ii) 60.0% of the Company's issued share capital as enlarged by the allotment and issue of the 1,967,295,201 Open Offer Shares.

Intention for acceptance

As at the date of this announcement, save for the Committed Shares, the Board has not received any information from any Shareholders of their intention to take up the Open Offer Shares under the Open Offer.

Offer Price

The Offer Price of HK\$0.12 per Open Offer Share is payable in full upon application for the Open Offer Shares under the Open Offer and represents:

- (i) a discount of approximately 41.5% to the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 42.0% to the average closing price of HK\$0.2068 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 22.1% to the theoretical ex-entitlement price of approximately HK\$0.154 per Share as adjusted for the effects of the Open Offer, based on the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a discount of approximately 65.2% to the unaudited consolidated net assets per Share of approximately HK\$0.345 as at 30 June 2016 (based on the Company's consolidated net assets attributable to owners of the Company of approximately HK\$452,643,000 as at 30 June 2016 and 1,311,530,134 Shares in issue as at the date of this announcement).

The Offer Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the prevailing market condition, market price and trading liquidity of the Shares and financial condition of the Company. Taking into account that the Open Offer will entitle all the Qualifying Shareholders to subscribe for the Open Offer Shares at the same Offer Price in proportion to their shareholdings held on the Record Date, and that the Offer Price has been set at a discount to the recent closing prices of the Shares to encourage existing Shareholders to take up their entitlements and participate in the future development of the Company, the Directors consider the terms of the Open Offer, including the Offer Price, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net issue price (after deducting the costs and expenses in relation to the Open Offer, including the underwriting commission and assuming no change to the issued share capital of the Company from the date of this announcement up to the Record Date) of the Open Offer Shares is approximately HK\$0.11 per Open Offer Share.

Qualifying Shareholders

To qualify for the Open Offer, Shareholders must be registered as a member of the Company on the Record Date and not an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status and actions to be taken.

In order to be registered as members of the Company for the entitlement of the Open Offer, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 24 April 2017.

Rights of Overseas Shareholders and Excluded Shareholders

If there are Overseas Shareholders on the Record Date, the Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Open Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders.

The result of the enquiries and the basis of the exclusion, if any, will be included in the Prospectus.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 25 April 2017 to Tuesday, 2 May 2017, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during the book closure period.

Status of the Open Offer Shares

Each of the Open Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of their respective allotment and issue. Holders of the Open Offer Shares will be entitled to receive all future dividends and distributions which are declared after the date of their allotment and issue.

Fractions of the Open Offer Shares

Entitlement to the Open Offer will be rounded down to the nearest whole number. No fractional entitlements to the Open Offer Shares will be issued to the Qualifying Shareholders. All such fractional entitlements will be aggregated and taken up by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

Share certificates and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all Open Offer Shares are expected to be posted on or before Wednesday, 7 June 2017 to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques in respect of the applications for Open Offer Shares are expected to be posted on or before Wednesday, 7 June 2017 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Open Offer Shares.

Save for 209,088,963 units of TDR listed on the Taiwan Stock Exchange Corporation as at the date of this announcement and each unit of TDR represents one Share, none of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the grant of the approval for the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Open Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Open Offer Shares to be admitted into CCASS.

No excess application for Open Offer Shares

Any Open Offer Shares (i) not taken up by Qualifying Shareholders in accordance with their proportional allocations; and (ii) to which Excluded Shareholders would otherwise have been entitled (if any), will not be made available for excess applications by the Qualifying Shareholders. Any Open Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter.

Since the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Open Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures (including preparing and arranging the excess application, reviewing the relevant documents, liaising with professional parties and printing of application forms, all of which would, on initial estimation, involve an additional cost of approximately HK\$200,000). The Board considers that it is important for the Group to minimise costs which may be incurred during the fund raising.

In addition, the excess application mechanism may be subject to abuse by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications with a view of obtaining excessive allocation of Open Offer Shares, which is not considered to be fair and equitable.

Qualifying Shareholders who do not take up the Open Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Odd lot matching

In order to facilitate the trading of odd lots of the new Shares arising from the Open Offer, the Company will appoint a designated broker as matching agent to provide matching service, on a best effort basis, to those Shareholders who wish to top-up or sell their shareholdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 8 June 2017 to 4:00 p.m. on Thursday, 29 June 2017 (both days inclusive). Details of the odd lot arrangements will be set out in the Prospectus.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (i) the delivery of the Prospectus Documents to the Stock Exchange on or before the Posting Date and the issue by the Stock Exchange of a certificate of authorisation of registration on or before the Posting Date;
- (ii) the Registrar of Companies in Hong Kong registering the Prospectus Documents together with any requisite accompanying documents under the Companies (WUMP) Ordinance;
- (iii) the Listing Committee of the Stock Exchange granting (either unconditional or subject to allotment and despatch of the share certificates in respect thereof or such conditions as the Company may reasonably accept), the listing of, and permission to deal in, the Open Offer Shares, and such listing and permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (iv) the Prospectus Documents being filed with the Registrar of Companies in Bermuda on or about the Posting Date;
- (v) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange, the SFC and the Bermuda Monetary Authority, as the case may require in connection with the Open Offer and/or issue of the Open Offer Shares by the relevant time that each consent and approval is required, and such consents and approvals not being revoked prior to the Latest Time for Termination;
- (vi) printed copies of each of the Prospectus Documents being posted to the Qualifying Shareholders and printed copies of the Prospectus stamped “For information only” being posted to Excluded Shareholders, in each case, on the Posting Date;
- (vii) the passing by the Shareholders at the SGM of the resolution to approve the Open Offer;

- (viii) the passing by the Shareholders at the SGM of the resolution to approve the Increase in Authorised Share Capital, and the Increase in Authorised Share Capital having become effective;
- (ix) the Underwriter having satisfied, in its absolute discretion, with the due diligence of the Group;
- (x) compliance by the Company with all its obligations in relation to the making of the Open Offer and the allotment and offer of Open Offer Shares under the Underwriting Agreement having taken place by the times specified;
- (xi) receipt by the Underwriter (in a form and substance satisfactory to it) of all the relevant documents on or before such time as specified in the Underwriting Agreement; and
- (xii) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to a claim under the Underwriting Agreement and which, in any such case, the Underwriter, consider in its absolute discretion (acting in good faith) to be material in the context of the Open Offer or the underwriting of the Open Offer Shares.

The Underwriter may, in its absolute discretion, waive (in whole or in part) any conditions precedent as set out above save for conditions (i) – (viii) above which cannot be waived by the Underwriter.

In the event that the conditions precedent as set out above have not been satisfied or waived at or before the time specified in the relevant condition or such later date as agreed between the Company and the Underwriter in writing, the Underwriting Agreement shall terminate and all obligations and liabilities of the parties thereunder shall forthwith cease and terminate and no party shall have any claim against the others parties (save for any antecedent breaches and the provisions thereof).

3. UNDERWRITING AGREEMENT

Date:	20 March 2017
Issuer:	The Company
Underwriter:	Morton Securities Limited as the Underwriter
Number of Underwritten Shares:	1,662,982,046 Underwritten Shares
Commission:	3.5%

As at the date of this announcement, the Committed Shareholder was interested in aggregate of 202,875,437 Shares, representing approximately 15.47% of the existing issued share capital of the Company. Pursuant to the Open Offer, the Committed Shareholder will be entitled to a maximum of 304,313,155 Open Offer Shares.

The Committed Shareholder has irrevocably undertaken to the Underwriter that it will subscribe or procure subscription in full for its entitlements under the Open Offer pursuant to the terms of the Open Offer and lodge with the Company's acceptance in respect of all the Open Offer Shares provisionally allotted to it, with payment in full.

If the number of the Untaken Shares is equal to or less than 950,859,347 Open Offer Shares, the Underwriter shall procure the Subscriber and its associates to subscribe for all the Untaken Shares.

If the number of the Untaken Shares is more than 950,859,347 Open Offer Shares, the Underwriter shall procure the Subscriber and its associates to subscribe for 950,859,347 Open Offer Shares; and procure the subscription for the remaining Untaken Shares by other subscribers provided that such subscription(s) of the remaining Untaken Shares shall not, together with the subscription of Open Offer Shares by the Subscriber and its associates, trigger or cause any person to be obliged to make a mandatory general offer pursuant to Rule 26 of the Takeovers Code.

As at the date of this announcement, the Underwriter does not hold any Shares and is an Independent Third Party. Underwriting is in the ordinary and usual course of business of the Underwriter.

The commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter with reference to the trading liquidity of the Shares, financial standing of the Group and the market rate of similar transactions. The Directors consider the terms of the Underwriting Agreement including the commission rate to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Undertakings by Share Options Holders

Each of the Share Options Holders has provided an irrevocable undertaking to the Company and the Underwriter not to dispose of, or enter into any agreement/arrangement to disposal of, or exercise any subscription rights attaching to, the Outstanding Share Options beneficially owned by each of the Share Option Holders from the date of the Underwriting Agreement up to the Record Date.

Termination of the Underwriting Agreement

The Underwriter shall have the absolute right, after reasonable consultation with the Company as the Underwriter in its sole and absolute discretion sees fit, by giving notice to the Company, if there develops, occurs or comes into force at any time at or before the Latest Time for Termination:–

- (i) any breach, considered by the Underwriter in its reasonable discretion to be material in the overall context of the Open Offer, of any of the Warranties or any of other provisions of this Agreement; or
- (ii) any matter which, had it arisen immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted an omission considered by the Underwriter in its reasonable discretion to be material in the overall context of the Open Offer; or

- (iii) any statement contained in the Prospectus, considered by the Underwriter in its reasonable discretion to be material, is discovered to be or becomes untrue, incorrect or misleading in any material respect; or
- (iv) any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the Underwriting Agreement; or
- (v) any adverse change in the business or the financial or trading position of any member of the Group considered by the Underwriter in its reasonable discretion to be material; or
- (vi) any event or series of events, matter or circumstance concerning, relating to or resulting in:–
 - (a) any change in local, national, international, financial, political, economic, military, industrial, fiscal, regulatory or stock market conditions or sentiments in Hong Kong or any other relevant jurisdiction; or
 - (b) the introduction of any new law or any material change in existing laws, or any material change in the interpretation or application of such laws by any court or other competent authority in Hong Kong or any other relevant jurisdiction; or
 - (c) any event of force majeure affecting Hong Kong or any other relevant jurisdiction (including, without limitation, any act of God, fire, flood, explosion, war, strike, lock-out, civil commotion, interruption, riot, public disorder, act of government, economic sanction, epidemic, terrorism or escalation of hostilities involving Hong Kong or any other relevant jurisdiction); or
 - (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

- (e) any prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong or any other relevant jurisdiction or affecting an investment in any class of shares of the Company or the transfer or dividend payment in respect of any class of shares of the Company; or
- (f) the imposition of any economic sanction, in whatever form, directly or indirectly, by or for the United States or by the European Union (or any of its members) on the PRC; or
- (g) any change in the system under which the value of Hong Kong dollars is pegged to that of the currency of the United States; or
- (h) any change in the exchange rate between the United States dollars and RMB, or between Hong Kong dollars and RMB; or
- (i) any litigation or claim of material importance being threatened or instigated against any member of the Group; or
- (j) any change in market conditions in Hong Kong (including without limitation suspension or material restriction or trading in securities);

which, in the reasonable opinion of the Underwriter:–

- (1) is or will be, or is likely to be, materially adverse to the business, financial or other condition or prospects of the Group taken as a whole; or
- (2) has, or will have, or could be expected to have, a material adverse effect on the success of the Open Offer; or
- (3) so material as to make it inadvisable, inexpedient or impractical to proceed with the Open Offer.

Upon the giving of notice above, all obligations of the parties thereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches and the provisions thereof).

4. REASON FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in designing, manufacturing and trading of media entertainment platform related products and connectors, cables, and assorted electronic accessories as well as satellite television service operator business.

(i) Financial position of the Group

According to the annual report of the Company for the year ended 31 December 2015, in view of the difficult financial conditions of the Group including, among other things, (i) the net loss of approximately HK\$108.9 million during the year ended 31 December 2015 and (ii) net current liabilities of approximately HK\$29.1 million as at 31 December 2015, the auditors of the Company, without qualifying their opinion, raised concerns on the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as going concern.

As disclosed in the interim report of the Company for the six months ended 30 June 2016, the Group recorded a net profit attributable to the owner of the Group of approximately HK\$4.9 million (compared with a net profit of approximately HK\$6.6 million of the same period last year) and a net current liabilities of approximately HK\$27.4 million.

Based on the preliminary unaudited consolidated management accounts of the Group as at 31 December 2016 (currently being audited by the auditors of the Company), as at 31 December 2016, the unaudited cash and cash equivalents of the Group amounted to approximately HK\$69.6 million, and bank and other borrowings of the Group totaled approximately HK\$376.0 million. As at 31 December 2016, the Group is expected to continue to report net current liabilities of approximately HK\$183.0 million. The increase in net current liabilities of the Group was mainly due to the consolidation of the accounts of MyHD, which became a 51%-owned subsidiary of the Company on 5 July 2016.

In view of the financial position of the Group and the funding need of the Group as set out below, the Board considers that the Group does not have sufficient financial resources for its future development and has an imminent funding need.

(ii) Use of Proceeds

The gross proceeds (before expenses) and the estimated net proceeds of the Open Offer will be approximately HK\$236.1 million and approximately HK\$220.5 million respectively. The Company intends to apply for such net proceeds as to (i) HK\$138.5 million for repayment of bank and other borrowings of the Group; (ii) HK\$67 million for the development of the Direct-to-Home satellite television services (“**Satellite TV Services**”) in MEMA; and (iii) HK\$15 million for general working capital of the Group.

Owing to the Going Concern Issue, the Board aims to reduce indebtedness and finance cost of the Group. As reducing debt is of higher priority, approximately 63% of the net proceeds from the Open Offer will be used for this purpose. The Company targets to gradually repay the loans with higher interest rate and maintain the loans with interest rate of not more than approximately 3.5% eventually. After the Open Offer, the Company will repay the loans with the highest interest rate first. Subsequently, the outstanding loan interest rate will be improved to the maximum of approximately 5.4% from the maximum of approximately 12% currently, a significant step towards the Company’s target.

In October 2016, MyHD launched “GOBX” project in Saudi Arabia in collaboration with Middle East Broadcasting Center (“**MBC**”), one of the largest television operators and content providers in the Middle East. As part of the “GOBX” project, a corporate guarantee was given by the Company on 3 October 2016 in favour of MyHD in respect of its payment obligation under the content supply agreements entered into between MyHD and MBC (“**Content Supply Agreements**”), amounting to approximately HK\$73.1 million (out of which approximately HK\$59.5 million is outstanding as at the date of this announcement) (the “**Corporate Guarantee**”). The Company intends to apply approximately HK\$67 million from the Open Offer mainly to finance the Company’s commitment under the Corporate Guarantee.

(iii) Repayment of bank borrowings of the Group

In September 2016, the Company was informed by a bank that a revolving loan in the principal amount of US\$8 million was scaled down to US\$6.8 million (“**Scaled Down Loan**”) and the Company is required to repay the loan of US\$1.2 million by installments by March 2017. As at 31 December 2016, the bank and other borrowings of the Group amounted to HK\$376.0 million out of which approximately HK\$175.2 million, HK\$16.6 million and HK\$29.3 million will be due within one month, two months and three months respectively. Save for the Scaled Down Loan, there is no further reduction of bank facilities by the banks and other short term loans of the Group have been renewed as at the date of this announcement. Due to the short term nature of the Group’s loan, the Group has to spend considerable amount of time to negotiate with the lenders for the extension of the loans and is concerned about the renewal results. Due to the Going Concern Issue, certain trade creditors have also implemented more stringent credit policy to chase for payment from the Group including the top ten suppliers of the Group in the PRC which the Group maintained trade payables of approximately US\$4.7 million as at 31 December 2016. Since there is no certainty that loans of the Group will be renewed in the future in view of the Going Concern Issue and in the event that the loans are not renewed when they fall due and the Company could not raise fund through other means, the Company may face immediate financial difficulty in the short term in repayment of the loans. The Board considers that reducing the indebtedness of the Group is prudent and in the interest of the Company and its Shareholders as a whole.

In order to address the Going Concern Issue and the fact that a revolving loan has been scaled down by bank, the Directors consider that the Company has imminent need to raise fund to reduce the indebtedness of the Group. With the repayment of part or partial bank and other borrowings with higher interest rates, the outstanding loan interest rate of the Group will be improved to the maximum of approximately 5.4% from the maximum of approximately 12% currently.

The Group is too reliant on short-term debt funding. The gearing ratio of the Group was approximately 63.86% as at 30 June 2016 (calculated based on borrowings over net assets). While creditors have the right to pull out the loan at maturity, this is invariably a big risk to the cashflow and an impediment to business development of the Group. Only equity fund raising can structurally tackle the problem. The Board intends to lower the Company's debt level since the auditor raised the Going Concern Issue in early April 2016.

The Company intends to apply the net proceeds of HK\$138.5 million from the Open Offer to repay part of the bank and other borrowings with higher interest rate to improve the net current asset position and reduce the finance costs of the Group of approximately HK\$5.6 million per annum. Assuming completion of the Open Offer had taken place as at 30 June 2016 and HK\$138.5 million had been applied to repay part of the bank and other borrowings, the Company would have a net current asset position of approximately HK\$111.1 million and the gearing ratio of the Group would reduce to approximately 25.8%.

(iv) Satellite TV Services in MEMA

In July 2016, the Company increased its shareholding in MyHD from 11% to 51% pursuant to a subscription and shareholders agreement dated 16 May 2016 and MyHD became a 51%-owned subsidiary of the Company thereafter.

MyHD is headquartered in Dubai Media City. It is principally engaged in the business of provision of Direct-to-Home services for satellite television broadcasting in 22 countries in MEMA, including Saudi Arabia, United Arab Emirates, Qatar, Kuwait and Bahrain. MyHD is one of the fastest growing satellite television operators in MEMA under the brand name of MyHD.

The Company is optimistic about the growth potential of the Satellite TV Services in MEMA and plans to apply the net proceeds of HK\$67 million to finance the Company's commitment under the Corporate Guarantee.

As at 31 December 2016, outstanding contractual commitments assumed by MyHD was approximately HK\$311.1 million (out of which approximately HK\$150.3 million is payable within 12 months), including its commitment under the Content Supply Agreements and contractual arrangement with other content providers.

From January 2016, MyHD has been spending and will continue to spend approximately US\$2 million (equivalent to approximately HK\$15.56 million) each month for its operation, including purchase of high quality and highly demand television contents, renting satellite transponder, purchase of set-top boxes and smart cards and operating costs, such as payment for dealers' commission, marketing and promotion expenses, etc..

Since the number of subscribers of MyHD's service of MyHD has been increasing exponentially from 39,488 as at 23 October 2016 to over 266,000 as at 28 February 2017, after the launch of "GOBX" project in Saudi Arabia on 8 October 2016 in collaboration with MBC, it is expected that the amount of working capital to be injected to MyHD by the Company will decrease gradually.

The shortfall in funding for development of MyHD will be financed by internal resources of the Group.

As at the date of this announcement, the Company does not have any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination, and/or scaling-down of the existing business of the Group.

Background of investment in MyHD

The Company has been a supplier of smart card and set-top-box to MyHD since 2013. Gradually knowing more the industry through the business relationship and carrying out the then desktop analysis, the Company became optimistic of the growth potential of the business of satellite television broadcasting in MEMA and was looking for opportunity to invest in MyHD. In early 2014, MyHD was looking for investors to inject funds for its development. On 1 April 2014, the Company advanced the first loan of US\$2 million (approximately HK\$15.5 million) (“**First MyHD Loan**”), a relatively smaller amount for prudent sake, to MyHD. By forging a closer relationship with the management team and the shareholder of MyHD as the sole debt investor, the Company, on one hand, got easier access to more detailed industry and company information and, on the other, had closer dialogue with the management team and the shareholder of MyHD. After carrying out due diligence on MyHD with its management, the Company became more confident in the future development of MyHD. On 16 June 2014, the Company acquired 11% equity interest (“**Equity Acquisition**”) in MyHD from an independent third party through an assignment of accounts receivable of HK\$40,573,000 from MyHD.

After discussion with the shareholder of MyHD, the Company strived to increase its shareholding by co-investing in MyHD with other investors. The Company advanced further loan of US\$8 million (approximately HK\$62.0 million) (“**Second MyHD Loan**”) to MyHD on 1 October 2014 to show its support for the development of MyHD and obtain other shareholder and management of MyHD’s consent for the potential equity co-investment opportunity. After making the First MyHD Loan and Second MyHD Loan, the Group still had sufficient working capital, with net current assets of approximately HK\$4.4 million as at 31 December 2014.

During mid-2014 and mid-2015, the Company by itself and through agents solicited investors to inject fund to support MyHD’s development. A few investors expressed interest in MyHD, but none of them invested in MyHD in the end.

Since no other investors were willing to invest in MyHD and MyHD was in need of further funds to support its initial investment, taking into account the net current asset of the Group of approximately HK\$53.0 million as at 30 June 2015, the Company decided to advance further loans of US\$2 million (approximately HK\$15.5 million) (“**Third MyHD Loan**”) to MyHD on 3 August 2015 with a right to convert into equity interest of MyHD. No conversion right was granted to the Company for the First MyHD Loan and the Second MyHD Loan.

After monitoring the business development of MyHD by approximately two years, the Company was of the view that the initial investment stage of MyHD was expected to complete by late 2017 and enter into the growing stage and positive cash flow will be generated by MyHD thereafter taking into account the growth potential of GOBX which MBC and MyHD preliminarily agreed for collaboration in early February 2016. Although the Company became aware of its liquidity issue in late 2015 and MyHD had not repaid the loan to MyHD in the principal amount of US\$2.5 million as of 31 December 2015 according to the repayment schedule, taking into account the growth potential of GOBX, the Company advanced further loans of US\$2 million (approximately HK\$15.5 million) (“**Fourth MyHD Loan**”) and US\$6.5 million (approximately HK\$50.3 million) (“**Fifth MyHD Loan**”) to MyHD on 26 February 2016 and 29 March 2016 respectively with a right to convert into equity interest of MyHD to support the development of MyHD, in particular GOBX. Moreover, on 16 May 2016, the Company entered into a subscription agreement to capitalise the loan of US\$11,237,000 (equivalent to approximately HK\$87,086,000) owed by MyHD to the Group, which was in line with the Company’s disclosure of taking necessary preparations to acquire suitable business in its 2015 annual report. Completion took place on 5 July 2016 and MyHD became a 51%-owned subsidiary of the Company thereafter. Subsequent to the Fifth MyHD Loan up to the date of this announcement, the Company advanced further inter-company loans of approximately US\$9 million (approximately HK\$70.2 million) to MyHD. Save for the Open Offer, the Company had raised fund of approximately HK\$38.9 million by way of placing/subscription of new Shares to support the development of MyHD.

MyHD and MBC preliminarily agreed on a collaboration for GOBX in early February 2016 and the framework of collaboration was concluded in around April 2016. After five months preparation and negotiations on the terms and conditions of GOBX with an aggressive promotion plan with MBC, MyHD launched the GOBX in Saudi Arabia on 8 October 2016 in collaboration with MBC.

GOBX mainly provides the television program of Saudi Professional League in MEMA which was a free television program before GOBX was launched. As such, GOBX has become the sole program provider of Saudi Professional League and subscription for the GOBX is required if the citizens in Saudi Arabia would like to watch the program.

Saudi Professional League is one of the most competitive and developed soccer league in the Middle East and has over 1.2 million attendances for the 2015-2016 season. GOBX was first launched in Saudi Arabia as pilot program on 8 October 2016 and has been well received by the market. The number of subscribers of GOBX has reached 55,000 in less than one and a half month.

The Company plans to launch the GOBX in Kuwait and United Arab Emirates gradually in 2018. At present, there are 5.73 million, 0.77 million and 1.85 million households in Saudi Arabia, Kuwait and United Arab Emirates respectively, totaling 8.35 million. MyHD and MBC have been launching promotion programs for GOBX. The Company targets that there will be 471,000, 721,000 and 1,170,000 subscribers of GOBX in 2017, 2018 and 2019, representing 5.6%, 8.6% and 14.0% of the total number of households in Saudi Arabia, Kuwait and United Arab Emirates respectively, which was determined based on the penetration rate of 10.52% for pay TV in Middle East and North Africa according to IHS Markit, an independent market research institute. Although the penetration rate of GOBX is estimated to be higher than the average of pay TV in Middle East and North Africa in 2019, having considered that soccer is the most popular sport in Saudi Arabia and GOBX is the sole Saudi Professional League provider, a higher penetration rate estimation is fair and reasonable. With the launch of GOBX and the existing satellite pay television packages of MyHD, the number of subscribers of MyHD is estimated to be 572,000, 915,000 and 1,483,000 by the years end of 2017, 2018 and 2019 respectively, representing the growth rate of 339%, 60% and 62% for the years of 2017, 2018 and 2019.

According to the Company's investment experience in Dish Media in Nepal and its market knowledge in MEMA, pay television operator is a capital intensive investment project, which requires large amount of funding in its initial stage of investment and takes several years to develop its localized content and subscribers' base before it turns into a cash cow business. Given the nature of the pay television business, the Group has been prudent for its investment in MyHD as a debt investor and a minority shareholder first until an opportunity for business turnaround arose (i.e. GOBX), the Company then became the controlling shareholder of MyHD. Since the Company does not have sufficient resources to repay its debts and develop MyHD, if the Company could not raise fund, the Going Concern Issue will persist and development of MyHD will have to slow down and MBC may terminate its cooperation with MyHD for the GOBX, as such the liquidity issue will continue to cause adverse impact on the Company and the Company and its Shareholders will lose the growth opportunity of MyHD.

Although the interest rate of the MyHD Loan was less favourable than those of the Group's borrowings and the Company had liquidity issue when making the loans to MyHD in 2016, taking into account that (i) the successive equity investment opportunities in MyHD would not have been available if the Company, as the sole debt investor, has not advanced the First and Second MyHD Loan, based on the then understanding between the shareholder of MyHD and the Company; (ii) each of the Third MyHD Loan, the Fourth MyHD Loan and the Fifth MyHD Loan is attached with a conversion right for the Company converting such loans into equity interest of MyHD which granted an option to the Company to become a controlling shareholder of MyHD at its discretion; and (iii) it is expected that the initial investment stage of MyHD will complete by late 2017 and MyHD will enter into the positive operating cash flow stage thereafter with return for the Shareholders in long term, the Directors consider that the making of the MyHD Loan and the loans granted to MyHD thereafter aimed to support the development of MyHD on the one hand and secure the Company's equity interest in MyHD and capture its potential growth in the future on the other hand.

Shareholders should note that if the Open Offer is not approved by the Independent Shareholders at the SGM, the Company will not have sufficient funds to support the development of MyHD and will need to consider other fund raising alternatives, if available.

(v) Other funding needs of the Group

Based on the Board's latest estimates and subject to the availability of surplus working capital, save for the Satellite TV Services, the Company plans to expend HK\$77.3 million in aggregate for the following discretionary capital expenditure in the next 12 months:

- (a) HK\$31.2 million for expansion of the production plant in India for set-top box;
- (b) HK\$7.3 million for expansion of the production plant in Zhongshan for set-top box;
- (c) HK\$11.5 million for potential plans to enter into an original design manufacturing production and distribution arrangement with a Dutch multinational technology company of computer electronics equipment; and
- (d) HK\$27.3 million for the expansion of production capacity of low noise blocking downconverters in the Group's Zhongshan and Dongguan production plants.

It is expected that the proceeds from the Open Offer cannot meet funding needs for all business opportunities of the Group (subject to availability of funds) in the next 12 months as illustrated above. Nevertheless, the Company can scale down or delay capital expenditure for the projects, depending on the cashflow generated from the existing business and availability of funds from other channels. The Company cannot exclude the possibility of conducting further equity fund raisings in the future. Nevertheless, as at the date of this announcement, the Company does not have any plan of further equity fund raisings.

(vi) Other fund raising methods

Apart from the Open Offer, the Company has also considered other financing alternatives such as borrowings, issue of new shares and rights issue.

Bank borrowing or debt financing is an obligation with a contractual interest expenses which will add financial burden to the Group. The gearing ratio of the Group is already high at approximately 63.86% as at 30 June 2016, the Board is of the view that additional borrowings will impose higher risk to the Group which is not in the interests of the Company and the Shareholders as a whole.

Equity financing by way of the Open Offer, though more time consuming and involving extensive documentation, will give the Qualifying Shareholders an equal opportunity to maintain their respective pro rata shareholding interests in the Company, avoiding dilution, and without incurring additional finance burden to the Company. Therefore, the Board considers the Open Offer a preferred means of fund raising than debt financing to the Company. Other than the Underwriter, the Company has approached 5 entities including its substantial Shareholder and 4 financial institutions for an underwriting arrangement. However, save for the Underwriter, none of them expressed interest in underwriting of an open offer of the Company.

Although a rights issue will allow the Shareholders to trade their nil-paid entitlements in the market in nil-paid form, the Board is of the view that such trading arrangements will increase the administrative works and expenses for the proposed fund raising exercise which is estimated to be approximately HK\$200,000. In view of the above and the net current liabilities position of the Group for the years ended 31 December 2015 and 2016, the Board considers fund raising by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

In view of the financial needs of the Group to reduce its indebtedness and for the development of MyHD, the Company considered issue of new Shares under general mandate is not appropriate since the size of the funds could be raised under this approach is incomparable to the funding needs of the Group and the Shareholders is not provided an opportunity to increase their investment in the Company.

(vii) Information on the Underwriter, the Subscriber and First Steamship

The Underwriter is a wholly-owned subsidiary of the Subscriber which in turn is wholly-owned by First Steamship. First Steamship, which was listed on Taiwan Stock Exchange in 1965 (Stock Code: 2601TW), is the first publicly listed shipping company in Taiwan. First Steamship's main operations include (a) dry bulk carrier shipping operation; (b) professional vessel management operation; and (c) crewing services. As at 30 June 2016, according to its financial report, the total asset value and total equity value of First Steamship were approximately NT\$37,873 million (equivalent to approximately HK\$9,123 million) and NT\$11,776 million (equivalent to approximately HK\$2,837 million) respectively. It has stronger financial resources than the Group does.

In view of the financial position of First Steamship, stakeholders of the Company (including banks, customers, suppliers and potential investors) are expected to become more confident in the solvency and business sustainability of the Group if First Steamship becomes a substantial Shareholder through the underwriting arrangement under the Open Offer. Capital structure and liquidity of the Group will be improved after completion of the Open Offer. In addition, perceived strength of a company is always linked to the identity of its largest shareholder. As First Steamship has a stronger financial background than the Group does, the corporate image of the Group is perceived to be improved if First Steamship becomes a substantial Shareholder and stakeholders will have stronger motive to forge stronger business ties with the Group.

Furthermore, First Steamship, with long operating history in Taiwan, has indicated to the Company that it intends to help the Group get access to Taiwanese banks to refinance its debt in case of need if it becomes a substantial Shareholder.

Therefore, the Board is of the view that the possible introduction of First Steamship as a substantial Shareholder is expected to benefit the Company and its Shareholders as a whole.

Having considered the above, the Board is of the view that the Open Offer is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. CHANGES IN SHAREHOLDING STRUCTURE

For illustration purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Open Offer.

	As at the date		Upon completion of the Open Offer			
	of this announcement		Assuming all Shareholders		Assuming no Shareholders	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Metroasset Investments Limited	202,875,437	15.47%	507,188,592	15.47%	202,875,437	6.19%
Wellever Investments Limited	3,706,812	0.28%	9,267,030	0.28%	3,706,812	0.11%
First Steamship	–	–	–	–	950,859,347	29.00%
<i>Public Shareholders</i>						
Independent places	–	–	–	–	1,016,435,854	31.00%
Existing public shareholders	<u>1,104,947,885</u>	<u>84.25%</u>	<u>2,762,369,713</u>	<u>84.25%</u>	<u>1,104,947,885</u>	<u>33.70%</u>
Total	<u>1,311,530,134</u>	<u>100.00%</u>	<u>3,278,825,335</u>	<u>100.00%</u>	<u>3,278,825,335</u>	<u>100.00%</u>

Notes:

1. Metroasset Investments Limited is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is held as to 45.09% by Mr. Hung Tsung Chin, an executive Director, as to 44.38% by his wife, Ms. Chen Mei Huei, also an executive Director, and as to 10.53% by Mr. Hung Chih Chun, a son of Mr. Hung Tsung Chin and Ms. Chen Mei Huei.
2. Wellever Investments Limited is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is held as to 86.14% by Mr. Liao Wen I, an executive Director, and as to 13.86% by his wife, Ms. Lin Hsiu Ling.

As illustrated in the table above, assuming none of the existing public Shareholders takes up the Open Offer Shares, their shareholding in the Company will decrease from approximately 84.25% to approximately 33.70%.

6. FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement:

Date of announcement	Capital raising activity	Net proceeds raised (approximate)	Proposed use of the net proceeds	Actual use of the net proceeds
1, 19 and 31 August 2016	Subscription of new Shares under general mandate	HK\$9.86 million	HK\$9.86 million for potential promotion plan of MyHD Media FZ LLC's satellite broadcasting services in the Middle-East, Mediterranean and Africa after the completion of the acquisition of additional interest in MyHD Media FZ LLC by the Company	The Company has fully utilized the net proceeds of HK\$9.86 million for the promotion plan of MyHD
24 May 2016 and 14 June 2016	Placing of new Shares under general mandate	HK\$28.8 million	HK\$28.8 million for funding the MyHD Promotion Plan	The Company has fully utilised the net proceeds of HK\$28.8 million for the MyHD Promotion Plan

7. INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each by the creation of an additional 7,000,000,000 unissued Shares, which shall rank *pari passu* in all respects with the existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM approving the Increase in Authorised Share Capital.

As at the date of this announcement, the unissued Shares are 1,688,469,866 Shares which fall short of the aggregate of 1,967,295,201 Open Offer Shares to be allotted and issued under the Open Offer. The Increase in Authorised Share Capital will facilitate the Company for the allotment and issuance of the Open Offer Shares and will provide the Company with greater flexibility to accommodate future expansion and growth of the Group.

8. EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below for indicative purposes only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Event	Date 2017
Despatch of circular and notice of SGM.	Friday, 7 April
Notify Bermuda agent of the publication of the notice in Bermuda for closure of register of members.	Friday, 7 April
Notify the Depositary for TDRs of the SGM details for its actions	Friday, 7 April
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the SGM	4:30 p.m. Monday, 24 April
Closure of register of members of the Company to determine the qualification for attendance and voting at the SGM (both day inclusive)	Tuesday, 25 April to Tuesday, 2 May

Event	Date 2017
Latest time for lodging forms of proxy for the SGM (not less than 48 hours before SGM)	3:00 p.m. Sunday, 30 April
Record date for attendance and voting at the SGM.	Tuesday, 2 May
SGM.	3:00 p.m. Tuesday, 2 May
Announcement of poll results of SGM and disclose the same announcement on the website designated by Taiwan Stock Exchange	Tuesday, 2 May
Increase in Authorised Share Capital becoming effective	Tuesday, 2 May
Notify Bermuda agent to file memorandum of increase of authorized capital with the Bermuda Companies Registry	Tuesday, 2 May
Register of members re-open	Thursday, 4 May
Last day of dealings in Shares on cum-entitlements basis of the Open Offer.	Thursday, 4 May
First day of dealings in Shares on ex-entitlements basis of the Open Offer	Friday, 5 May
Latest time for lodging transfers of Shares in order to qualify for the Open Offer.	4:30 p.m. on Monday, 8 May
Closure of register of members of the Company to determine the entitlements to the Open Offer (both day inclusive)	Tuesday, 9 May to Friday, 12 May

Event	Date 2017
Record date for Open Offer	Friday, 12 May
Despatch of Prospectus Documents	Monday, 15 May
Register of members re-open	Monday, 15 May
Latest time for acceptance of and payment for the Open Offer Shares.....	4:00 p.m. on Monday, 29 May
Latest Time for Termination of the Underwriting Agreement.....	4:00 p.m. on Wednesday, 31 May
Announcement of results of the Open Offer.....	Tuesday, 6 June
Despatch of share certificates for the Open Offer Shares and refund cheques if the Open Offer is terminated.....	Wednesday, 7 June
First day of dealings in the Open Offer Shares.....	9:00 a.m. Thursday, 8 June
Designated broker starts to stand in the market to provide matching service for odd lots of Shares.....	9:00 a.m. Thursday, 8 June
Designated broker ceases to stand in the market to provide matching service for odd lots of Shares.....	4:00 p.m. Thursday, 29 June

9. LISTING RULES IMPLICATIONS

As the Open Offer will increase the existing issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by the Independent Shareholders at the SGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour.

The Increase in Authorised Share Capital is subject to the Shareholders' approval at the SGM.

As at the date of this announcement, the Company has no controlling Shareholders. As at the date of this announcement, Mr. Hung Tsung Chin and Ms. Chen Mei Huei (executive Directors) and their respective associates, who together, hold an aggregate of 202,875,439 Shares and Mr. Liao Wen I (executive Director) and his associates, who together, hold an aggregate of 3,706,812 Shares will be required to abstain from voting in favour of the Open Offer at the SGM.

10. GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Open Offer and the Increase in Authorised Share Capital.

A circular containing, among other things, (i) further details of the Open Offer and the Increase in Authorised Share Capital; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) the notice of SGM, is expected to be despatched to the Shareholders on or before Friday, 7 April 2017.

WARNING

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Application Form(s)”	the application form(s) in such form as may be agreed between the Company and the Underwriter to be issued to Qualifying Shareholders in connection with the Open Offer on the Posting Date
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day, other than Saturday, Sunday, public holiday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. on which banks generally are open for business in Hong Kong
“Bye-Laws”	Memorandum of Association and Bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shareholder”	Metroasset Investments Limited, a substantial Shareholder holding 202,875,437 Shares as at the date of this announcement
“Committed Shares”	304,313,155 Open Offer Shares undertaken to be subscribed by the Committed Shareholder under the Open Offer
“Company”	Sandmartin International Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 482)

“Director(s)”	the director(s) of the Company
“Dish Media”	Dish Media Network Private Limited, a company owned as to 47% by the Company and principally engaged in provision of satellite television service in Nepal
“Excluded Shareholders”	Overseas Shareholders whom the Board, in compliance with Rule 13.36(2) of the Listing Rules and after making enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in that place, considers it necessary or expedient to exclude them from the Open Offer
“First Steamship”	First Steamship Company Limited, the shares of which are listed on the Taiwan Stock Exchange
“Going Concern Issue”	the going concern issue of the Company emphasised by its auditors in the annual report of the Company for the year ended 31 December 2015
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Ltd
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each by the creation of an additional 7,000,000,000 unissued Shares
“Independent Board Committee”	an independent committee of the Board to advise the Independent Shareholders in relation to the Open Offer

“Independent Places”	any individual(s), corporate, institutional investor(s) or other investor(s) to be procured by or on behalf of the Underwriter, who and whose ultimate beneficial owners are Independent Third Parties
“Independent Shareholders”	Shareholder(s) other than the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	a person, persons, company or companies which is or are independent of, and not connected with (within the meaning under the Listing Rules), any directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or any of their respective associate(s)
“Last Trading Day”	20 March 2017, being the last trading day of the Shares on the Stock Exchange before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 29 May 2017 or such later time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the Open Offer Shares
“Latest Time for Termination”	4:00 p.m. on Wednesday, 31 May 2017 or such later time to be agreed between the Company and the Underwriter, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MEMA”	Middle East, Mediterranean and Africa
“MyHD”	MyHD Media FZ LLC, a limited liability company incorporated in Dubai, United Arab Emirates and a 51%-owned subsidiary of the Company

“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“Offer Price”	HK\$0.12 per Open Offer Share
“Outstanding Share Options”	the Outstanding Share Options entitling the holders thereof to subscribe for 2,700,000 new Shares
“Open Offer”	the proposed issue of the Open Offer Shares by way of open offer on the basis of three (3) Open Offer Shares for every two (2) Shares held on the Record Date to the Qualifying Shareholders at the Offer Price of HK\$0.12 per Open Offer Share
“Open Offer Share(s)”	1,967,295,201 new Shares to be issued by the Company pursuant to the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) which is/are outside Hong Kong
“Posting Date”	15 May 2017 (or such other date as may be agreed by the Company and the Underwriter in writing), being the day on which the Prospectus Documents are posted to the Qualifying Shareholders and, for information only, the Excluded Shareholders;
“PRC”	the People’s Republic of China but excluding, for the purposes of the Open Offer, Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Open Offer”	the proposed one for one open offer of the Company, details of which were set out in the announcement of the Company dated 24 October 2016
“Previous Subscription”	the proposed subscription of a maximum of 874,200,000 new Shares by the Subscriber pursuant to the Previous Subscription Agreement

“Previous Subscription Agreement”	the agreement dated 7 October 2016 entered into among the Company, the Subscriber and the Underwriter in relation to the Previous Subscription
“Previous Underwriting Agreement”	the underwriting agreement dated 7 October 2016 entered into between the Company and the Underwriter in relation to the Previous Open Offer
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholders”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	12 May 2017 (or such other date as may be agreed between the Company and the Underwriters to determine entitlements of the Open Offer)
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Shareholders convened to be held on or about 2 May 2017, for the purposes of, among other things, considering and, if thought fit, approving the Open Offer and the Increase in Authorised Share Capital

“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Options Holders”	holders of the Share Options
“Share Option Scheme”	the share option scheme adopted by the Company effective from 17 March 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	First Mariner Holding Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of First Steamship
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“TDR”	the Taiwan depository receipts issued by Far Eastern International Bank Co. and listed on the Taiwan Stock Exchange Corporation on 18 December 2009
“Underwriter”	Morton Securities Limited, an organization licensed to carry out type 1 (dealing in securities) regulated activity under the SFO and a wholly-owned subsidiary of the Subscriber
“Untaken Shares”	such Open Offer Shares not taken up by the Shareholders
“Underwriter Shares”	the number of Untaken Shares to be subscribed and taken up by the Subscriber and its associates under the Open Offer pursuant to the Underwriting Agreement
“Underwriting Agreement”	the underwriting agreement dated 20 March 2017 entered into between the Company and the Underwriter in relation to the Open Offer

“Underwritten Shares” the 1,662,982,046 Open Offer Shares to be underwritten by the Underwriter pursuant to the Underwriting Agreement

“US\$” US dollars, the lawful currency of the United States

“%” per cent.

By Order of the Board
Sandmartin International Holdings Limited
Hung Tsung Chin
Chairman

Hong Kong, 20 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. Hung Tsung Chin, Ms. Chen Mei Huei, Mr. Liao Wen I, Mr. Frank Karl-Heinz Fischer and Mr. Chen Wei Chun; the independent non-executive directors of the Company are Mr. Han Chien Shan, Mr. Wu Chia Ming and Mr. Li Chak Hung.

* *For identification purpose only.*